

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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June 3, 2003

FROM: **WALLY HILL**, County Administrative Officer
County Administrative Office

LARRY WALKER, Auditor/Controller-Recorder
Office of the Auditor/Controller-Recorder

SUBJECT: **APPROPRIATION AUTHORITY**

RECOMMENDATION:

1. Authorize increase in appropriations per budget unit and corresponding reductions in appropriations for other budget units in order that the overall increase shall not exceed the countywide total appropriation approved by the Board for fiscal year 2002-03.
2. Direct County Administrative Office to monitor appropriation adjustments and report back to the Board with a year-end financial report by September 30, 2003.
3. Authorize an increase in appropriations in the Public Defender budget unit and the District Attorney budget unit and a corresponding decrease in contingencies totaling \$852,630, as result of SB 90 backfill, as follows (Four votes required):

AAA	PBD	PBD	2305	General Office Expense	\$200,000
AAA	DAT	DAT	1010	Salaries and Benefits	\$652,630
AAA	CNR	CNR	6000	Contingencies	(\$852,630)

4. Authorize an increase in appropriations in the Local Agency Formation Commission budget unit and a decrease in contingencies totaling \$8,647 as follows (Four votes required):

AAA	LAF	LAF	3305	Contribution to Other Agencies	\$8,647
AAA	CNR	CNR	6000	Contingencies	(\$8,647)

BACKGROUND INFORMATION: Budgets are developed annually by departments and approved by the Board each June. It is the responsibility of each department to manage within their approved budget and, generally, most operate within their existing appropriation authority. Departments may return to the Board for approval of modifications of their adopted budget, usually increases for expenditures and revenues that were unknown at the time budgets were developed. Less frequently, departments request contingencies from the Board to cover expenditures that have no revenue source to offset costs incurred in the normal course of operations. This practice of returning to the Board for modifications to adopted budgets continues throughout the fiscal year in order to continue departmental operations.

This item will provide the Auditor/Controller-Recorder the authority to lift appropriation controls in order to facilitate the continued payment of county obligations. Any department, known at this time, which is expected to exceed their appropriation levels will bring forward to the Board items requesting increases in appropriations as well as explanations for the cause of the overage in June.

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At the end of each year, in order to facilitate the year-end closing process, it is necessary to make certain appropriation adjustments to departmental budget units. Throughout the year budget performance is tracked by the County Administrative Office and the Auditor/Controller-Recorder's Office and incorporated into the financing plan as the estimated fund balance. The 2003-04 financing plan was given to the Board on March 19, 2003. A revised 2003-04 financing plan was provided to the Board with the 2003-04 Proposed Budget. The County Administrative Office and the Auditor/Controller-Recorder's Office will monitor all the appropriation increases to ensure each individual action and all actions combined will not significantly affect this revised financing plan. In September, the County Administrative Office will bring a year-end report back to the Board describing the performance of each general fund budget unit.

Recommendation 3 is to approve an increase in the Public Defender budget unit and the District Attorney budget unit. On October 8, 2003, the Board approved a reduction in appropriations and revenues as a result of the state budget, specifically the loss of the Reimbursable State Mandate Program known as SB 90. This action reduced the Public Defender and District Attorney appropriations and revenues by \$460,000 and \$1,202,456, respectively. As mentioned in the item, the County Administrative Office was to work with the affected departments to minimize the costs incurred to run their respective mandated programs, however, if any of the affected departments were unable to absorb the loss of revenue, a temporary backfill would be sought by the County Administrative Office. The Public Defender and the District Attorney are requesting backfills of \$200,000 and \$652,630, respectively.

Recommendation 4 is to approve an increase in the Local Agency Formation Commission (LAFCO) budget unit. The California Government Code mandates that the county contribute one-third of the net LAFCO operating cost that is not reimbursed by fees and other revenues. The appropriations in this budget unit are established prior to the actual adoption of the LAFCO budget by the commission. Due to this timing issue, budgeted amounts may differ from actual requirements. Total cost for 2002-03 has exceeded the amount budgeted by \$8,647.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Ron Reitz, Assistant County Counsel) on May 27, 2003, the Office of the Auditor/Controller-Recorder (Elizabeth Starbuck, Assistant Auditor/Controller-Recorder) on May 27, 2003, and by the County Administrative Office (Kathy Kubesh, Administrative Analyst) on May 27, 2003.

FINANCIAL IMPACT: If approved, Recommendations 3 and 4 utilize \$861,277 of contingences. Of this amount, \$661,277 was reflected in the revised financing plan submitted with the proposed budget. The \$200,000 attributable to the Public Defender will be offset with anticipated savings in the Indigent Defense budget unit whose caseload has been reduced due to strict enforcement of the conflict policy by the Public Defender. Therefore, the impacts from these actions will not significantly change the revised financing plan as it is anticipated that other general fund departments will have actual expenditures that will be less than estimates that were submitted with the proposed budgets.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Valerie Clay, Deputy Administrative Officer (387-5410)

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